

OFFICE OF THE WASHINGTON STATE LIQUOR CONTROL BOARD

December 28, 1994

The regular meeting of the Washington State Liquor Control Board was called to order at 9:30 a.m., Wednesday, December 28, 1994, in the Board conference room, fifth floor, Capital Plaza Building, Olympia, by Chairman Joe McGavick. Board Members Mike Murphy and Jack Rabourn were present. Also present was Kim O'Neal, Assistant Attorney General. Board Secretary Teresa Blase recorded the meeting.

MERCHANDISING DIVISION - REVISIONS TO STORES POLICY MANUAL.

Mike Donaldson, Assistant Director, Merchandising Division, presented revisions to chapters 5, 7, 9, and 10 of the stores policy manual for Board approval. Mr. Donaldson stated the revisions have been discussed with the Board during the staff meeting of December 27, 1994, and with Merchandising Division staff.

Board Member Murphy moved approval of the policy manual revisions, Board Member Rabourn seconded the motion. Discussion followed during which Board Member Rabourn asked when the manual and updates will be on line instead of hard copy. Mr. Donaldson stated he is currently working with the Information Services Division to put the manuals on the AS/400. Chairman McGavick restated the motion and called for a vote of those in favor, all Board Members voted "aye" and the motion carried.

Mr. Donaldson introduced Kim Rasmussen, Assistant Manager of Store No. 82 in Des Moines, who has been editing and preparing the manuals. The Board recognized Ms. Rasmussen for her efforts.

DIVISION OF PURCHASING AND DISTRIBUTION - MARKUP ON MALT BEVERAGES. Lowell Huebner, Assistant Director, Division of Purchasing and Distribution, stated for the past several years the sales volume of malt beverages has decreased significantly. The decreased sales are due in part to the Board's shelf prices becoming increasingly less competitive. Thus, Mr. Huebner recommended the Board reduce the markup on malt beverages from 70 to 50 percent, effective February 1, 1995.

Chairman McGavick asked Jim Hoing, Assistant Director, Administrative Services Division, if he had any comment on the proposed markup reduction. Mr. Hoing stated he feels the Board should either get out of the malt

PLAINTIFF'S EXHIBIT	
CASE NO.	CV04-0360P
EXHIBIT NO.	116

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beverage business or reduce their markup to become more competitive.

Board Member Rabourn moved approval of the recommendation, Board Member Murphy seconded the motion and it carried unanimously.

DIVISION OF PURCHASING AND DISTRIBUTION - 50 ML

ONE-TIME-ONLY LISTING - LEMON BLITZUR SCHNAPPS. Mr. Huebner stated the supplier of Lemon Blitzur Schnapps has offered the Board an introductory size 50 ml bottle of the product on a one-time-only basis. The product would retail for \$1.00 per bottle, which Mr. Huebner indicated is an excellent price. He recommended the Board approve the listing of the available 200 cases.

Board Member Murphy moved approval of the recommendation, Board Member Rabourn seconded the motion and it carried unanimously.

DIVISION OF PURCHASING AND DISTRIBUTION - 100 ML

ONE-TIME-ONLY LISTING - PAR-D-SCHATZ. Mr. Huebner stated the supplier of Par-D-Schatz Herbal Liqueur has offered the Board an introductory size 100 ml bottle of the product on a one-time-only basis. The product would retail for \$2.50 per bottle, which Mr. Huebner indicated is a reasonable price. He recommended the Board approve the listing of the available 300 cases.

Board Member Rabourn moved approval of the recommendation, Board Member Murphy seconded the motion and it carried unanimously.

ADMINISTRATION - BRAINSTORM SESSION ON POTENTIAL ALCOHOL RELATED PROGRAMS FUNDED BY FRANCHISE FEES IN THE EVENT OF PRIVATIZATION. Chairman McGavick stated a bill proposing privatization will soon be put before the legislature for their consideration. The proposal contains a provision, if passed, for the Board to receive an estimated 27.5 to 30 million dollars over a five year period from franchise fees, to be distributed by a partite board to local government and/or local not-for-profit corporations for alcohol related programs.

Chairman McGavick stated he has been reviewing the way that funds earmarked for alcohol related programs are currently being used in the state, and has found that

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very little money is spent on prevention. For example, the Department of Alcohol and Substance Abuse (a division of the Department of Social and Health Services) spends only 6.5 percent of its budget on prevention programs (which is also approximately the amount spent on administration).

Chairman McGavick asked the staff to brainstorm areas of alcohol prevention and education that they feel the money should be allocated to. Several ideas and concerns were raised, including the suggestion to have some type of evaluation method to ensure the money is going toward programs that are effective.

Jennifer McDougall, Alcohol Awareness Program Manager, stated an evaluation component would be required before any entity would receive funds. The money would be distributed in a grant-type system, where the local government entity or not-for-profit corporation would determine what they need and apply for funds for that program.

Some of the groups that staff felt alcohol programs should be targeted toward are: parents, minors, senior citizens, and heavy drinkers/borderline heavy drinkers. Staff also suggested that the proposal include a provision for money to be spent by the Board for an advertising campaign with a message of moderation and responsible drinking.

Board Member Murphy indicated he felt uncomfortable with the idea of dictating to local government or not-for-profit groups how the money they receive would have to be used. Board Member Rabourn stated his only concern was that the Board have a way to ensure the money is being used in effective alcohol related programs. The Board and staff discussed using broad criteria to identify the goal of a program, and then letting the recipient decide how the money could best be used in their own community within that criteria. Board Member Murphy also suggested that the Board work with the local groups in deciding what the criteria should be. Ms. O'Neal clarified that the details of how the money would be distributed would have to go through a rule making process.


Chairman McGavick thanked the staff for their input.

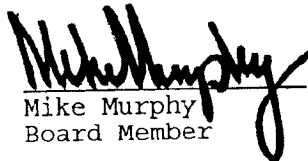
MEETING RECESSED. The meeting was recessed at 10:20 a.m.,

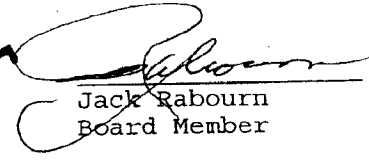
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until the call of the Chair.

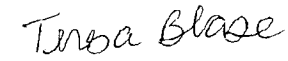
MEETING ADJOURNED. The meeting was adjourned at 4:30 p.m.


Joseph L. McGavick
Chairman


Mike Murphy
Board Member


Jack Rabourn
Board Member

Attest:


Tina Blase
Board Secretary